State of Utah

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MEMO

To: All Service Providers, Private Support Coordinators, and State and Regional Employees

From: Alan K. Ormsby

Date: May 6, 2010

Re: Guidance Related to Plan Year (Varies by Person) and Fiscal Year (July 1-June 30) in USTEPS

Background

I am aware that many of our stakeholders are confused by the fact that the Division is now requiring both a plan year (the date that the person's plan for services becomes active, so it varies person-by-person) and a fiscal year (the date that a person's budget becomes active, so it begins anew for everyone on July 1 of the applicable year). This is a new requirement that has created confusion and concern among our stakeholders and the people we serve.

The purpose of this memo is to: (1) provide guidance and hopefully eliminate the confusion; (2) explain the rationale for requiring both a plan year and a fiscal year; and (3) provide a "Frequently Asked Questions" or "FAQ" with real-world examples and solutions.

Rationale

Many have asked: "Why did you start requiring both a plan year and a fiscal year in the first place? What is wrong with just sticking with the old fiscal year approach?"

One of the Division's primary responsibilities is to ensure that a person's needs are met through services and supports prescribed by the support coordinator. Medicaid monitors to assure that the budget allocated for the payment of necessary supports matches the actual payments and prescribed need at given points in time. We do not want to over-prescribe services, because that removes opportunities for others who need services. Under our old way of managing, we set a budget year as the spending limit, but because the plan ran on a different annual cycle the budget (allocation and spending) was always out of sync with the prescribed services and units. The budget was driving the plan. This caused deep concern for our Health Department and Federal Medicaid partners because we are obligated to meet a person's prescribed needs as listed in their plan, and this needs to match with the person's budget and service payments.

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In 2005 and 2006, the Division was audited by our Health Department and Federal Medicaid. Both audits raised the plan versus the payment issue. It is important to remember that any service or units paid that do not appear in a person's plan can be denied by Medicaid. Medicaid can request a payback from the state if the amount paid is higher than what is budgeted in the person's plan. For example, if a person's plan lists approval for 100 units of respite but the person actually receives 500 units of respite, Medicaid can request the difference or the amount of money spent to pay for 400 units as a payback. If the person receives a service that is not listed in the plan then the entire amount paid for the service can be denied or requested back by Medicaid. To keep from having to pay millions in paybacks, we agreed to change our practices and develop some way to protect support coordinators, provider agencies, fiscal agents and state funds from paybacks. The Health Department and Federal Medicaid accepted our solution to ensure that the services, units, and rates in the person's plan and budget would match up in the future.

The Division was and is at risk of payback for services it pays for that are not listed in the person's plan. If the Health Department were to generalize audit findings or ask for a 100 percent audit without the plan year protection built in USTEPS in place the payback could be as high as $20 million. Requiring that the plan be adjusted before any payment can be made reduces risk of payback and assures compliance with Medicaid regulations. Requiring advanced plan adjustments also solves the unprofessional practice of making changes to an expired plan and "back dating" the change to make it appear like the service or units that were paid were in the plan all along. USTEPS programming prohibits payments for services or units that do not appear in the plan and stops fiscal payments that over ride payment protocols. We feel these safeguards are vital to the long term stability of services for people with disabilities. This is one of USTEPS greatest strengths and the driving force behind its creation.

Finally, since the plan should "direct" the budget and not vice versa, and since entering high-quality plans into USTEPS takes some time, we decided to stagger entry of plans to coincide with the person's annual review. If we didn't do that, support coordinators would be required to enter planning information for all of the people they serve at one time, and that would not be efficient. One tactic that may be helpful for complex cases is to amend the planning year "start date" to have it coincide with the fiscal year.

To satisfy the audit findings and avoid paybacks, we have established the USTEPS system. Over the past couple of years, we implemented a methodology to prevent the problems described above. These safeguards were developed over a two to three year development period, at a significant cost for programmer time. These safeguards were reviewed and supported by Division leadership, support coordinators, contract analysts, the Department of Health and the Bureau Internal Review and Audit. This past year, these changes were fully implemented.

The Division recognizes that implementation has not been easy. We understand that some private support coordinators are confused and are fearful that budgets may be exceeded before the end of the plan cycle. Likewise, providers and families are running into "roadblocks" when the plan year has authorized services, but they are being told the fiscal year does not have any available funding. It is important to note that if support coordinators use the plan year correctly in USTEPS it will insulate them from the risk of paybacks.

Making It Work

For the reasons described above, the Division is committed to making the changes in USTEPS work. We need these tools to demonstrate that we have integrated the plan year with the fiscal year, to ensure that the plan is foremost and to avoid costly paybacks. The budgeting safeguards built in USTEPS are critical to ensure that the services, units, rates, and spending limits listed in the budget match the plan and vice versa.

But we recognize that we need to make the safeguards in USTEPS easier to understand. We need to do more training, and we can add more flexibility and be more accommodating.

The intent of the plan year programming in USTEPS is to keep the plan, budget and payments in sync, to assure that changes in a person's need are addressed immediately and to prohibit payment of any service or overage of units until the plan is updated and put in sync with the increased needs. Support coordinators are key to updating the person's plan to assure that the person receiving supports receives all of the services and support that they require and to assure that the state is protected from paying back Medicaid for paperwork errors. The plan should be the first place that changes in a person's services or units are made instead of in the payments that reimburse services. In this way, we assure that people get their needed services and that the funding is maximized for the benefit of the most people. Therefore, USTEPS will not allow a payment to be made for a service not found in the person's plan or for units that exceed the units in the person's plan.

In terms of additional training, for private support coordinators, we will offer at least one more round of training on how to use the tools that exist and ask what new tools they need to appropriately monitor the plan and fiscal years. Support Coordinators throughout the yearly cycle should consistently monitor the spending of a client's allocated budget for services. This budgetary monitoring is a new (but required) habit for many of the Support Coordinators. Payments each month should never be approved blindly without verification that they are backed up with PCSP goals and that they are accurately billed and recorded. This requires attention to the entire process; many support coordinators have not had to previously deal with this. So another round of training may be helpful to reiterate these important practices.

For private support coordinator management, our USTEPS team will meet to show them the tools that currently exist and how these tools can be used to manage across their agency. For example, USTEPS currently provides a report that can be downloaded into PDF or Excel format by the support coordinator for his or her caseload. This report shows year to date the amount of spending and amount of year that has passed and which clients are in likely to exceed their annual budget. This tool is based on the one in use for more than five years called the "striped report." The support coordinators should be using this tool to manage the plan year budget and assure the person is not spending too little or too much.

The director/owner of a support coordination company can use this tool to manage / across their caseworkers by simply asking each worker to email his or her caseload report and then appending the reports together. Of course, we need to maintain appropriate "separation" to ensure the distinction between private contractor and DSPD employee. But one option may be to charge private companies a fee for access to USTEPS as a management tool. That way, it is clear that agencies may choose to develop and use their own management tools or purchase access to USTEPS as an "out-of-the-box" solution.

Above all, we want to ensure that a person's services are truly person-centered and meet their needs at every given point in time. We believe that focusing on the plan year rather than just the fiscal year is one important way to move our system toward that goal. We are committed to providing adequate training and assistance to make this work.

Frequently Asked Questions: Fiscal Year and Plan Year

1. **Q:** Why do the balances sent out by the Fiscal Intermediary (FI) provider not match the balances in USTEPS?

   A1: The balances in USTEPS are based on what has been paid YTD. Your FI provider may have made some payments, but haven't billed or been paid by DSPD yet. And, FI providers are obliged to track PLAN YEAR expenditures and balances, not FISCAL YEAR.

   A2: The FI providers have been instructed to give balances for plan year only. Support coordinators are responsible for plan year and fiscal year balances, broken out by each service prescribed. It is important to work with your families to stay within the plan and fiscal year budgets. The FI provider will not be monitoring fiscal year budgets for you.

2. **Q:** Could I face a payback if I allow the provider to overspend fiscal year?

   A: Yes. Plan and fiscal year monitoring are part of the job description of a SC. Possible sanctions and/or paybacks may apply.

3. **Q:** If my client runs out of fiscal money, but has plan year money, can he/she overspend fiscal year?

   A: No. Here is an example: Imagine a client with a plan month of May. As of May 1st, the client has a new plan budget. However, due to the needs of the family, the entire fiscal budget was used July-April. Thus, even though the new plan starts in May, the family will need to wait to use the funds until July OR get one-time funds to cover May and June.

4. **Q:** If my client runs out of plan year money, but has fiscal year money, can he/she use the fiscal year money to supplement the plan?

   A: No. Again, an example may be helpful: A client may have a planning month of September. Say the client spends his planning budget by the end of July. Even though the new fiscal budget starts in July, the client wouldn't be able to use the fiscal budget because the plan budget has been overspent. The client would need to wait until September until the new planning budget starts again or get one-time funds.

5. **Q:** What do I do if my client runs out of fiscal year money, but has plenty of plan year money?

   A: Request one-time money to cover the deficit if the person has a need for consistent services for the fiscal year OR wait until July to authorize service if the services can be delivered periodically.

6. **Q:** How do I enter my one-time money in USTEPS if I don't know for sure how fast the client will use it?

   A: Put one-time money on a separate line using your best guess in regards to start and end dates. Your USTEPS Help Manual describes the process for one-time funds. One-time money that is not used by June 30 will lapse. No one should be spending out a budget just because the money is there. Funding does not "belong" to a client; we need to spend one-time funding wisely (see also Question 14).

7. **Q:** What do I do if the FI provider authorizes a payment because my client has money in the plan year budget, but there isn't enough money in the fiscal year budget to cover it?

   A: Educating your families on the need to stay within plan and fiscal year budgets is key. If your family overspends fiscal year budget, you can request one-time funds to cover it.

8. **Q:** Can I refuse to pay the FI provider if my client has overspent his/her fiscal budget?

   A: If there is money in the plan budget, you cannot deny payment to the FI provider. The FI provider has been instructed to monitor plan year only. You need to pay the FI provider then work with your APM to secure one-time funds and work with your family to prevent it from happening in the future.

9. **Q:** Why does my fiscal year expenditure report show different authorizations and balances than actual?

   A: Fiscal year authorizations and balances are calculated by USTEPS by taking what has been spent PLUS what is in the prorated section of your budget plan. If your clients tend to spend more than 1/12 per month, your authorizations and balances may show up as higher than expected. If your clients spend less than 1/12 per month, your authorizations and balances my show up as less than expected. You can manually change the prorated units in USTEPS to help make your authorizations and balances more accurate.

10. **Q:** In the new version of USTEPS, the annual allocation for the fiscal year is not the total that is reflected in the entire budget. This total is only in the plan year. Why?

    A: Because we are matching the plan year with payment and authorized budget for the plan year to get them in sync. This means that the total budget will generally only span part of the fiscal year because the plan start and end dates will only span part of the fiscal year. For example, if the plan year begins on January 1, and the fiscal year begins on July 1 the plan year

will span over six months of two different fiscal years. Therefore, the entire budget in the plan year will be divided across two fiscal years. It can be further explained in the link provided below.
http://168.177.185.72/helpmanual/webhelp/System_Calculated_Fiscal_Year_Authorized_Units.htm

11. **Q:** When do I cut off services due to the allocations for each service running out, Plan or Fiscal cycle?

A1: Prior to switching to the plan cycle for the budgets, we used to cut off payment when they are out of allocated funds in June (fiscal year end). This is now to be done at the end of the planning cycle. There is an exception to this rule this first time around due to the fact that since everyone was cut off last June they should not be cut off a second time at the end of their plan cycles…but that is for this first year only. However, keep in mind that FI providers have been instructed that, after August 1, 2010, they will NOT PAY for services for which the plan year budget has been exceeded until the budget has been adjusted through a shifting of funds within the budget or a successful RAS or ESMC request and a new 1056 has been issued.

A2: The consumer's spending pattern can put the Plan Cycle or the Fiscal Year or both in jeopardy of being overspent. As a result, both cycles have to be monitored. Where overspending occurs, services may have to be cut back in either or both Plan Cycle/Fiscal Year time frames. However, the Division has tools to deal with funding legitimate increases in need (i.e. the RAS and ESMC processes). If the support coordinator identifies a justified need for increased spending, then they should communicate that need to their APM and see that the request is funneled through the appropriate committee. When approval is given to fund an increased need, the support coordinator should implement the resources in the plan, adjust the budget and issue a new 1056 to FI providers if the client uses SAS. However, if approval is not given, then the worker must work with their APM to either reduce or stop spending depending on the circumstances of the case.

12. **Q:** In the past we have been instructed to use up the allocated budget first and then ask for one-time money if needed to cover the overage. Is this still the rule?

A: The instruction has been that the Support Coordinator should continually monitor the individual's needs and when these needs change from the plan's prescription, one-time money should be sought before it becomes a crisis of overspending. The rule to use up existing funds first is no longer the norm.

13. **Q:** What do I tell my client's families that say with the switch from Fiscal year to Plan year they are losing some of their money?

A: First, the idea that if there is funding in a person's budget then they are entitled to spend that money how they wish is not appropriate. The funding is allocated to pay for the supports necessary for the person to live in the community based on their assessed needs. It is <u>not</u> a person's money; the funds given are Medicaid funds administered by DSPD to be used to purchase the supports that they have been assessed as needing. These funds are NOT discretionary funds for use by families as they see fit. These funds must be reviewed and approved by DSPD.

14. **Q:** If the person has allocated money left can they spend it for other things they may need?

A: The old attitude of "use it or lose it" does not fit into the model of assessing a person's support based upon their needs. If the need for something is present the Support Coordinator should not wait until the end of the yearly cycle to see if there is money left over for it. If the need is there it should presently be addressed with whatever funding sources are available at that time. Waiting to use "left over" allocated funds tends to imply the need is not critical. See Question 13 above.

15. **Q:** Why must we fill out the RAS/ESMC form for simple shifting of funds in a person's budget from one existing service to another when the entire change is budget neutral?

A: This issue has been addressed by memos from the State Office down through the APMs. They can address this issue in detail.

16. **Q:** How can I obtain information about my old plan cycle expenditures when I have started a new PCSP but still need to authorize payments for dates in the old PCSP cycle?

A: USTEPS is working on a report that will show payment history for the most recently closed PCSP cycle. Until that is complete you may print off your Plan Year Budget Expenditure report for the client in question prior to activating the new PCSP so reference once the report switches to the new PCSP. If you do not have a printed copy of this report to reference then your Contract Analyst has access to the USSDS system that show payment history of all payments made in prior plan cycle.